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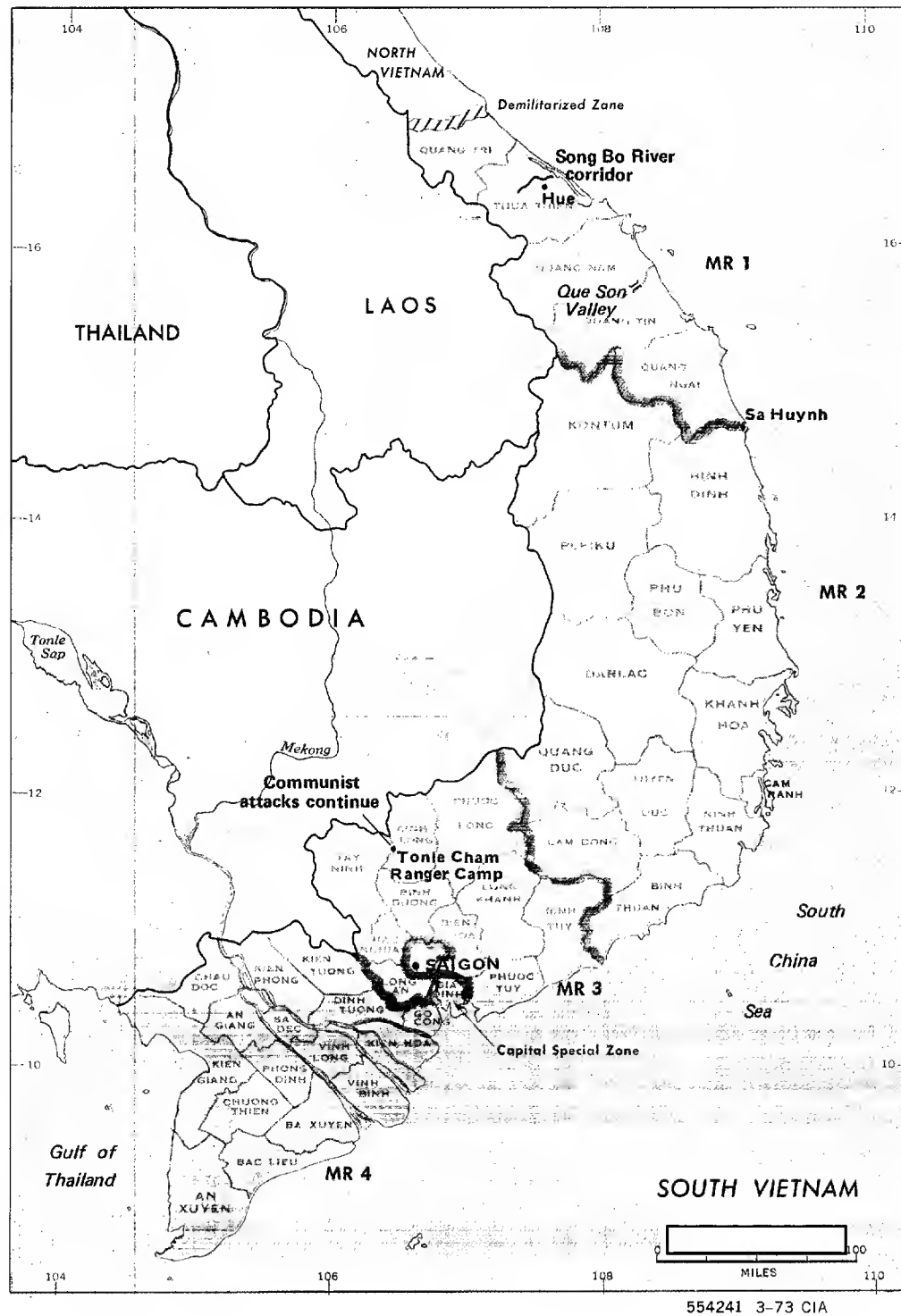
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SOUTH VIETNAM: The Communists are maintaining pressure against a government Ranger camp northwest of Saigon, and heavier fighting has been reported in some northern provinces.

Communist artillery and mortar fire against the Tonle Cham Ranger camp in northern Tay Ninh Province reportedly has destroyed the camp's ammunition supply, and heavy antiaircraft fire has prevented aerial resupply for the past two weeks. The Communists reportedly have constructed trenches to within 1,000 meters of the camp's perimeter. The Communist delegates on the Four Power Joint Military Commission still refuse to allow the ICCS truce teams to make an on-site investigation.

In the northern provinces, fighting is still going on west of Hue along the Song Bo River supply corridor and around several government fire support bases. Moderate fighting is also reported farther south in the Que Son Valley, flanking the Quang Nam - Quang Tin province border. Prisoners claim that the Communists have reinforced their units in this area with armor.

25X1 In Quang Ngai Province, [redacted] the Communists are preparing new attacks against the coastal village of Sa Huynh. There are indications that reconnaissance by the enemy's 2nd Division has been completed and that mines have been installed around some government facilities near the village. [redacted]

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INTERNATIONAL MONETARY DEVELOPMENTS: The dollar closed slightly weaker in foreign currency markets yesterday in light trading.

The Bundesbank sold small amounts of Belgian francs, and Danish and Swedish crowns to maintain the European currency band. It had also sold Belgian and Swedish currencies Monday. Stockholm announced that because of speculation in the crown, and to avoid another revaluation, it has decided to force a cutback in foreign holdings of its currency. The strength of the Swedish crown is attributable to its small revaluation relative to the mark and to the heavy demand for the currency that had built up during the strict closure of the exchange market in Sweden in recent weeks.

Both Stockholm and Oslo, which have associated their currencies with the European float, are expressing interest in making arrangements with the EC nations for mutual currency support. [REDACTED]

[REDACTED]

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UGANDA: President Amin is increasingly concerned over a coup or an assassination attempt.

Amin's fears are apparently fueled by his lack of control over the faction-ridden army. In an apparent effort to reassert his authority, Amin placed the armed forces on alert last weekend and ordered back to the barracks all troops now living in houses abandoned by Asians expelled last year. Amin justified his move by alleging that an invasion from Tanzania is imminent.

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[redacted] Amin recently told his troops that he has issued an ultimatum to Tanzania, threatening an attack unless Dar es Salaam releases within three weeks about 50 Ugandans held on spying charges. The Tanzanians have accused Uganda of moving troops to the border. There is no good evidence that an invasion by Tanzania is being planned; Amin may be attempting to use the invasion threat to rally his army.

Amin may be concerned about the intentions of Lieutenant Colonel Arube, a top army commander.

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[redacted] Arube is a Christian and a leading Lugbara, a tribe at odds with Amin's Kakwa tribe. Like Amin, Arube is a tough and resourceful fighter with a long memory. A confrontation between Arube and Amin could touch off fighting between Kakwa and Lugbara troops and perhaps lead to general tribal fighting in the army. [redacted]

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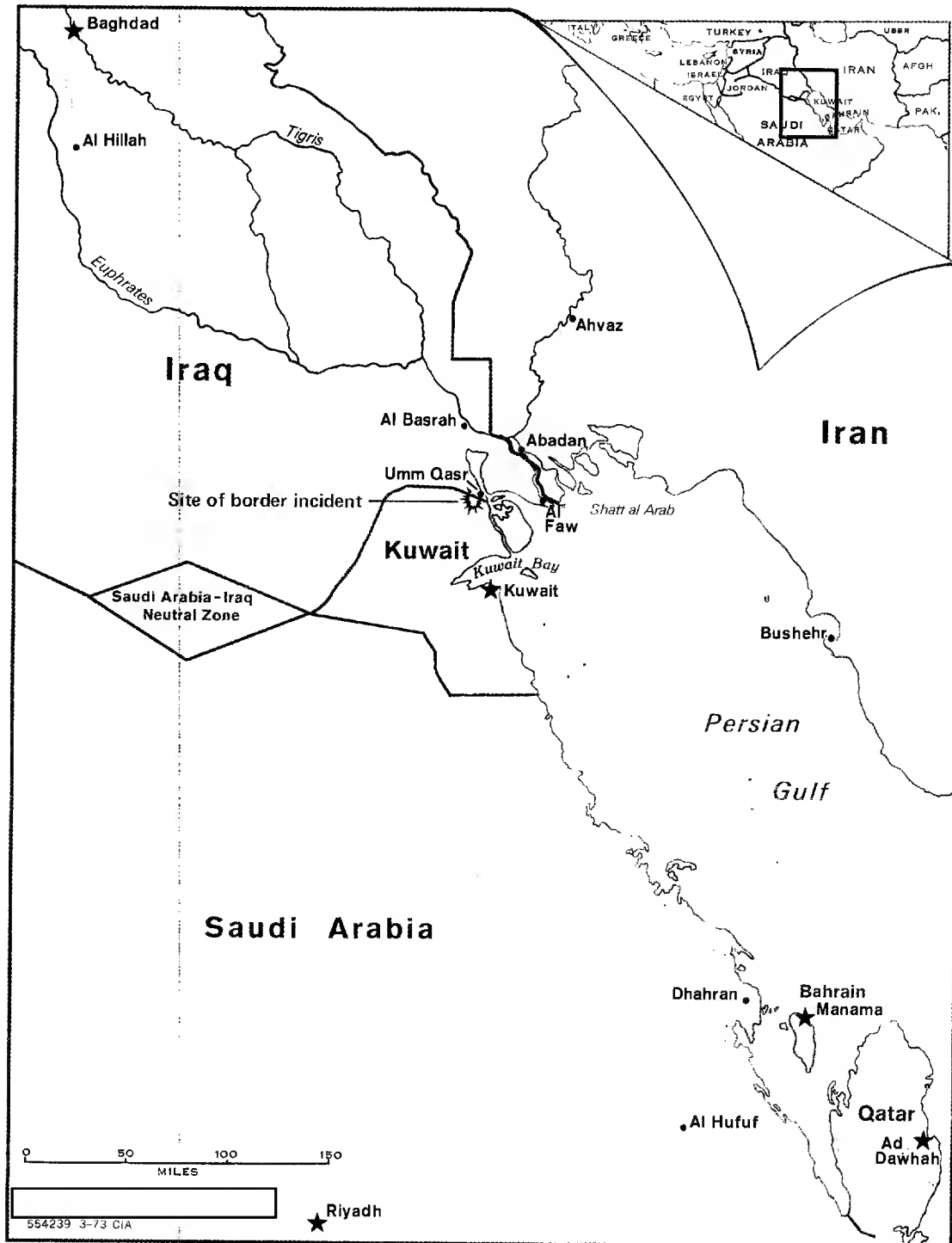
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KUWAIT-IRAQ: The Iraqi foray against a Kuwaiti police post yesterday is unlikely to lead to larger scale hostilities.

Iraqi troops overran a small Kuwaiti garrison in disputed territory just south of the Iraqi naval base at Umm Qasr. Kuwaiti forces lost four killed, four wounded, and 13 missing, from a garrison totaling just over 20 men. Iraq, which claims to have responded to hostile action initiated by Kuwait, admits to two killed and two wounded.

Baghdad's intent was apparently more to protect the approaches to Umm Qasr than to initiate larger scale fighting. The Kuwaiti post is located in territory claimed by Iraq, and it overlooks an Iraqi battery protecting Umm Qasr.

The incident is the latest manifestation of a long-standing Kuwaiti-Iraqi border dispute, but it is the first involving open fighting. An Iraqi claim to sovereignty over Kuwait after the latter gained independence in 1961 was dropped in 1963 when the Iraqis signed an agreement accepting borders originally delineated by the British. The borders have never been clearly demarcated, however, leading to overlapping claims by both sides. Iraq's interest in protecting an approach to Umm Qasr has resulted, in recent months, in new incursions into Kuwaiti territory, and Kuwaiti efforts to negotiate the problem have come to nothing.

Kuwait has stationed tanks and armored cars six miles from the border. It is doubtful, however, that Kuwait will retaliate; its 8,000-man army is vastly outnumbered by Iraq's force of 90,000 men, over 15,000 of whom are regularly quartered just north of Umm Qasr. Baghdad is also unlikely to carry its action further.

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DENMARK: The nationwide strike that began earlier today could develop into the largest labor-management conflict in Denmark since 1936.

Strikes and lockouts initially will affect metalworking, construction, and some sectors of the transport industry. Air traffic could stop if airport mechanics and teamsters honor the strike. The government is reluctant to intervene, and Prime Minister Jorgensen said the strike would have to run its course.

Protracted negotiations collapsed on 16 March when the employers refused to accept an escalator clause that might add as much as \$66 million to payrolls over the next two years. Another factor underlying the deadlock is the employers' anger over the government's tendency to favor labor through legislation since it came to power in 1971.

The introduction earlier this month of an austerity program worked out by the Social Democrats promises to trim government spending but offers little immediate benefit to employers. Deadlocked wage negotiations and a balance-of-payments deficit helped convince the government of the need for fiscal responsibility. The main reason, however, was a sudden drop in the governing Social Democrats' popularity. A recent poll indicated that support for the party had dropped five percent last year and stood at a 20-year low.

Years of burgeoning welfare legislation aimed at mollifying left wingers have seriously alienated moderate and centrist support. The employers' current obstinance underscores the deepening dissatisfaction with the Social Democrats and increases the vulnerability of their minority government. [REDACTED]

[REDACTED]

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JAPAN: The opposition is stalling all important legislation in the Diet to embarrass the Tanaka government. Since the four opposition parties formed an alliance on 7 March, cabinet members have had to attend the protracted Upper House debate on the budget, thus precluding Lower House business. The current Diet session will have to be extended, perhaps by as much as two months. The opposition parties have been sharply criticized by Japanese media, and the government may eventually profit from popular reaction to the slowdown. [REDACTED]

[REDACTED]

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